

Message Text

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ACTION EUR-12

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FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 3073

UNCLAS SECTION 01 OF 02 OTTAWA 02421

E.O. 11652: N/A
TAGS: OGEN, CA
SUBJ: MEDIA REACTION-CONF. ON CDN.-AMERICAN RELATIONS

1. AMBASSADOR ENDERS PARTICIPATED IN A CONFERENCE ON CANADIAN-AMERICAN RELATIONS AT MCGILL UNIVERSITY SATURDAY, APRIL 2ND, SPONSORED BY THE HARVARD BUSINESS SCHOOL ASSOCIATION OF MONTREAL, THE HARVARD CLUB OF MONTREAL AND THE MCGILL FACULTY OF MANAGEMENT. THE AMBASSADOR'S REMARKS WERE REPORTED BY SUNDAY CBC NEWS BROADCASTS BOTH FRENCH AND ENGLISH. THE CBC FOCUSED ON THE AMBASSADOR'S REMARKS ON THE ROLE OF AMERICAN-OWNED COMPANIES IN QUEBEC AND HOW THEY WILL ADAPT TO NEW LANGUAGE LEGISLATION. THE AMBASSADOR WAS QUOTED AS SAYING THAT HE DOES NOT EXPECT US MULTINATIONAL CORPORATIONS TO HAVE DIFFICULTY MEETING GOVERNMENT REQUIREMENTS TO INCREASE THE USE OF FRENCH IN BUSINESS.

2. THE MONTREAL GAZETTE, ALSO REPORTING ON THE ROLE OF US MULTINATIONALS IN QUEBEC, SAID THAT THE AMBASSADOR TOLD THE CONFERENCE THAT HE DOES NOT EXPECT US MULTINATIONAL CORPORATIONS TO HAVE DIFFICULTY MEETING GOVERNMENT REQUIREMENTS TO INCREASE THE USE OF FRENCH IN BUSINESS. IN FACT US BUSINESSMEN MIGHT HAVE AN ADVANTAGE OVER ENGLISH
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CANADIANS. THE AMBASSADOR IS QUOTED AS SAYING THAT AMERICANS "MAY NOT BE AFFECTED BY PSYCHOLOGICAL FACTORS" IN SWITCHING TO FRENCH. "IF YOU'RE A FOREIGN COMPANY YOU ADAPT, YOU OBSERVE THE LAW AND IF ANYTHING YOU ARE MORE SCRUPULOUS ABOUT IT THAN YOU ARE AT HOME. IF YOU'RE DOING BUSINESS IN BELGIUM YOU SPEAK TWO LANGUAGES AND NEITHER OF THEM IS ENGLISH." THE AMBASSADOR COMMENTED

THAT MANY US-OWNED BUSINESSES IN QUEBEC ALREADY HAVE FRENCH SPEAKING PERSONNEL AT MANAGEMENT LEVEL AND THOSE WITHOUT ADEQUATE PERSONNEL CAN HIRE AND TRAIN THEM. THE GAZETTE POINTED OUT THAT THE AMBASSADOR SET THE TONE OF THE CONFERENCE WITH AN APPEAL FOR CLOSER ECONOMIC CO-OPERATION WHILE JEAN CHRETIEN, FEDERAL INDUSTRY, TRADE AND COMMERCE MINISTER CONCLUDED THE MEETING WITH A DECLARATION THAT CANADIAN-AMERICAN RELATIONS ARE "IN GOOD HEALTH" AND GETTING BETTER.

THE GAZETTE REPORTED THAT THE AMBASSADOR SAID THAT IN THE ENERGY FIELD THE US AND CANADA MUST STAND TOGETHER TO MEET "SERIOUS TROUBLE THAT IS GOING TO GET WORSE. THE ONE-SIDED DRAIN OF ENERGY TOWARD THE US THAT ONCE DISTURBED CANADIAN NATIONALISTS IS A THING OF THE PAST," HE SAID.

3. CANADIAN PRESS, THE NATIONAL WIRE SERVICE, ALSO HEAD-LINED THE AMBASSADOR'S REMARKS ON AMERICAN-OWNED COMPANIES. CP NOTED THAT THE AMBASSADOR IS FLUENTLY BILINGUAL AND SPOKE TO NEWSMEN BRIEFLY FOLLOWING HIS PRESENTATION. CP QUOTED THE AMBASSADOR AS SAYING THAT IN THE ENERGY FIELD THE US AND CANADA MUST STAND TOGETHER. GOVERNMENT PROJECTIONS INDICATE THAT THE US WHICH NOW RELIES ON FOREIGN SOURCES FOR 50 PER CENT OF ITS PETROLEUM COULD FACE THE LOSS OF 2 MILLION JOBS AND \$800-\$900 MILLION IN GROSS NATIONAL PRODUCT IF THE ARAB OIL EMBARGO WERE RENEWED. CP REPORTED THAT THE AMBASSADOR SAID THAT CANADA HAS HAD TO CUT BACK ON ENERGY EXPORTS AND FACE THE PROSPECT OF BECOMING A NET IMPORTER OF ENERGY. "BY 1981
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NEARLY ALL CANADIAN OIL WILL BE CONSUMED AT HOME," HE SAID. NATURAL GAS EXPORTS TO THE US MAY CONTINUE "BUT BY THE MID 1980'S WE EXPECT THERE WILL BE AS MUCH COAL GOING FROM THE US TO CANADA MAINLY TO GENERATE ELECTRICITY IN "THE TRADE ACROSS THE BORDER IN ENERGY, A TWO-WAY TRADE, WILL GO ON, BUT IT WILL BECOME LESS IMPORTANT. THERE MIGHT, FOR EXAMPLE, BE ROOM FOR A GREATER EXCHANGE OF ELECTRICITY THAN IN THE PAST. BUT WHAT IS MORE IMPORTANT IS TO AGREE ON LONG-TERM MEASURES SUCH AS CONSERVATION AND REDUCTION OF ENERGY CONSUMPTION".

4. CP REPORTED THAT ERIC KIERANS, A MCGILL UNIVERSITY ECONOMICS PROFESSOR AND FORMER MEMBER OF THE TRUDEAU CABINET, CHALLENGED THE AMBASSADOR'S VISION OF A NEW ERA OF COOPERATION. CP SAID "KIERANS ARGUED THAT THE PERSISTENT CONFLICT BETWEEN THE TWO COUNTRIES CAN BE SEEN IN THE AMERICAN THIRST FOR ALASKA'S NATURAL GAS WHICH MAKES A PIPELINE DOWN THE MACKENZIE VALLEY TO THE US MIDWEST SEEM ATTRACTIVE. I HAVE NO OBJECTION TO A

PIPELINE AS SUCH," BUT WE HAVE PEOPLE COMPARING IT WITH THE CANADIAN PACIFIC RAILWAY AND ARGUING THAT IT IS IN THE CANADIAN NATIONAL INTEREST FOR US TO PARTICIPATE IN BUILDING IT."

THE TORONTO GLOBE AND MAIL CARRIED A FRONT PAGE STORY ON THE SEMINAR QUOTING KIERANS REMARKS ON THE MACKENZIE GAS PIPELINE. THE GLOBE AND MAIL REPORTED "WITH THE US AMBASSADOR TO CANADA LISTENING QUIETLY BESIDE HIM, ERIC KIERANS TOLD A SEMINAR ON CANADIAN AMERICAN ENERGY ISSUES ON SATURDAY THAT THE MACKENZIE VALLEY PIPELINE WOULD BE A

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FINANCIAL "BOONDOGGLE" WITH NOTHING IN IT FOR CANADA." KIERANS SAID "THE PIPELINE IF BUILT WOULD PRIMARILY CARRY US NATURAL GAS FROM ALASKA AND PRUDHOE BAY THROUGH CANADA TO US MARKETS." MR. KIERANS SAID HE COULDN'T SEE WHY CANADIANS SHOULD BE ASKED TO INVEST IN IT- "GIVE THEM A RIGHT OF WAY AND LET THEM GO AHEAD AND BUILD IT WITH SOME SORT OF PIGGYBACK ARRANGEMENT FOR THE SMALL AMOUNT OF MACKENZIE VALLEY DELTA GAS THAT WOULD BE DELIVERED IN CANADA", HE SAID. KIERANS SAID THAT THE CANADIANS ARE BEING ASKED TO INVEST IN A BAD INVESTMENT. THE GLOBE AND MAIL REPORTED "NEITHER WAS HE (KIERANS) ENCOURAGED BY MR. ENDERS CALCULATIONS THAT THE PIPELINE OVER 25 YEARS WOULD MEAN A DEFICIT IN US BALANCE OF PAYMENTS TO CANADA OF 15 TO 20 BILLION. THAT WOULD JUST PUSH UP THE VALUE OF THE CANADIAN DOLLAR ENDING OUR CHANCES OF EVER CAPTURING A SHARE OF THE WORLD MARKETS FOR MANUFACTURED GOODS." MR. KIERANS WAS ALSO QUOTED AS SAYING THAT FINANCING THE FIVE BILLION DOLLAR PIPELINE WOULD BADLY INFLATE AND

DISTORT THE CANADIAN ECONOMY. MR. KIERANS DID, HOWEVER,
AGREE WITH THE AMBASSADOR'S PLEA FOR MORE COOPERATION
BETWEEN THE TWO COUNTRIES TO SOLVE THE ENERGY PROBLEMS OF
THE CONTINENT.

THE GLOBE AND MAIL REPORTED THAT THE AMBASSADOR SAID THAT
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THE TWO COUNTRIES SHOULD ALSO BE LOOKING MORE CLOSELY AT
THE POSSIBILITIES OF GREATER EXCHANGES OF ELECTRICITY
ESPECIALLY SINCE CANADIAN NEEDS PEAK IN THE WINTER, WHILE
US CONSUMERS USE MOST HYDRO ELECTRIC POWER IN THE SUMMER.
ENDERS

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